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Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: priority theme: social integration

Submitted by HelpAge International, a non-governmental organization in general consultative status with the Economic and Social Council

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

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Statement

1. Universal non-contributory pensions are the foremost social protection mechanism to promote the social integration of older people and achieve the social protection objectives laid out in international policy frameworks.

2. Recalling the commitment of the United Nations System Chief Executives Board for Coordination (CEB) for establishing a "social protection floor",[1] and by the International Labour Organization (ILO) for a social security floor,[2] HelpAge International calls for universal progressive realization of income security to protect poor and vulnerable groups.

3. At the meeting of experts on promoting social integration, the Commission for Social Development stated that social protection was one of the central measures to prevent disintegration and promote inclusion and integration. It had both defensive and developmental functions, providing much-needed basic income or access to services and breaking away from the intergenerational cycle of poverty over the long run. The present statement advances the case that a universal categorical approach (based on age) to achieving income security for older people is more likely to facilitate social integration than other social protection mechanisms that target the poorest.

4. The Madrid International Plan for Action on Ageing, 2002 recommends the provision of a sufficient minimum income for all older people, with particular attention to socially and economically disadvantaged groups. Due to challenges of affordability, a common response is to create targeted programmes aimed at these groups. However, many of the poorest older people are excluded due to discrimination resulting from the targeting methodology and implementation. A universal categorical approach is easier to administer and, as presented below, is not accompanied by the same risks of exclusion. With this in mind, there should be more effort at the national level to address the issue of affordability and to pursue inclusive social protection for older people.

Older men and women play an important role in social cohesion

5. There is often an assumption within development efforts that subsequent social and economic gains will be transferred, or can be sustained, into old age. However, old age is impoverishing and is associated with a catalogue of vulnerabilities that erode channels to social integration. These include, but are not limited to: a diminishing social network; declining health; and reducing access to resources. Despite this, older men and women, when they have access to sufficient means and support, are vital agents of social cohesion. They ensure the welfare of household members in their care and work within families and communities to achieve collective goals.

6. Social protection is essential to supporting people in these roles in old age and mitigating the impact of vulnerabilities. With reduced capacity to earn an income, a

[1] On 5 April 2009, the secretariat of the United Nations System Chief Executives Board for Coordination (CEB), at a meeting in Paris, called for the establishment of the social protection floor, which intends to ensure services, empowerment and protection of the poor and vulnerable through services and transfers (cash or in kind).

[2] ILO is promoting the transfer component of social protection floor.

pension is a critical mechanism to maintain access to markets and services for older people and their households. Despite this, worldwide only one in five older people receives regular and reliable income in the form of a pension.[3]

Universal non-contributory pensions

7. HelpAge International identifies universal non-contributory pensions as the foremost social protection mechanism to ensure poor and vulnerable people receive a minimum income in old age. A universal approach is necessary as international evidence shows that poorer and more vulnerable people often fail to access means-tested or targeted pensions, even when they are designed to target them. Universality is inclusive — the whole population stands to benefit from the regular and reliable cash when they reach old age. The predictable nature of a minimum income in old age effectively mitigates deprivation for both older people and those with whom they share a caring relationship.

Vulnerability and poverty

8. Universality accounts for the dynamic nature of poverty. Through the simplicity of a universal pension's targeting criteria of age and citizenship, it addresses the vulnerabilities that determine risk of poverty as well as the basic needs of those in chronic poverty. The pension provides a vital life line for those in chronic poverty while for others it can curb vulnerabilities, enhance decision-making and springboard them out of poverty, for example by providing opportunities to invest in livelihood options.

Addressing gender inequality

9. Universal pensions are gender neutral since men and women are entitled to them equally. However, it can be argued that a universal non-contributory pension particularly benefits older women in terms of social integration. Women will, on average, live longer in old age, are more likely to experience the consequences of the loss of family support and have fewer options for income generation in old age than men — factors that can serve to exclude them in old age.

Enhancing social cohesion

10. Realization of rights is central to achieving social integration and social cohesion. The right to social security and security in old age are enshrined in the 1948 Universal Declaration of Human Rights and in subsequent international human rights instruments.

11. The legal entitlement to a universal non-contributory pension, irrespective of social difference (such as wealth, social capital), restores a sense of belonging to society that the Commission for Social Development has identified as pivotal to social cohesion.[4] Unlike contributory schemes, either formal or informal, a universal non-contributory entitlement to a pension facilitates the transformation of value judgments. Negative societal attitudes towards old age change and older

[3] Forteza, A. et al, "Measuring the Coverage Gap", in Holtzmann et al. (eds.), *Closing the Coverage Gap*, World Bank, 2009.

[4] Report of the expert group meeting on promoting social integration, 8-10 July 2008, Department of Economic and Social Affairs.

people's economic and social capabilities are acknowledged and supported. The universal pension in Mauritius has been linked to enhanced levels of care of older family members as key contributors to the household's subsistence.

Reducing social exclusion

12. In order to avoid social exclusion, the collection of entitlements should not stigmatize recipients. Universal non-contributory pensions avoid stigmatizing people — something that can occur when an individual's level of poverty is an eligibility criteria for collecting benefits. In addition to stigma, targeted schemes can exacerbate tensions at the community level through creating a "leap frog" effect whereby recipients of the transfer become better off than non-recipients. This can be particularly divisive in communities where poverty levels are high and it is therefore difficult to identify who is the poorest. With a universal approach, difference and diversity remain intact without creating opportunity for these to be points of conflict.

Redistribution and social integration

13. The process of social integration requires the eradication of privilege. A universal pension funded by general taxation goes some way to meet this challenge by having most impact on the poorest older people's well-being while not punishing the most privileged. Although universal benefits would be received by a minority of wealthy older people, they are redistributive since they are disproportionately funded from the tax contributions of richer deciles of a population and have the greatest value in the poorest.

Intergenerational impact

14. A universal non-contributory pension not only concerns older people, but all citizens. It widely reported that cash in the hands of older people has an intergenerational impact. For example, grandparents, especially grandmothers, use their pension to meet the costs of schooling and improve the nutrition of their grandchildren.[5] This has significant implications for the social integration of children in households with older people. It can be argued that children in skipped-generation households[6] are at greater risk of social exclusion as they are required to supplement household labour, which results in the intergenerational transmission of poverty. Particularly where there are large numbers of vulnerable children in the care of older people, there are strong implications for how a universal non-contributory pension can facilitate their integration. With this in mind, a universal pension can be seen as a good first step to achieving a social protection floor, which, in time, should include other universal categorical transfers, including a child grant.

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[5] See Duflo, E., 2003, "Grandmothers and Grand Daughters: Old Age Pensions and Intrahousehold Allocation in South Africa", and Devereux, S., 2001, "Social Pensions in Namibia and South Africa", Institute of Development Studies, discussion paper 379, and HelpAge International, 2009, "Salt, soap and shoes for school: the impact of pensions on the lives of older people and grandchildren in the KwaWazee project in the Kagera region of the United Republic of Tanzania" (www.helpage.org).

[6] Households which are composed of older people and children, for example where the parents have migrated for work or died as a result of AIDS.

Recommendations:

1. **Governments should fully explore the feasibility of a universal non-contributory pension for older people as the first option to realizing income security for poor older people and for achieving the social protection and social security floors.**

2. **Governments should investigate fiscal space and long-term financing options for universal non-contributory schemes.**